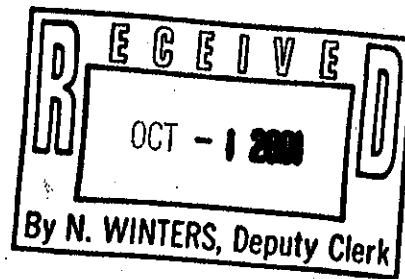


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8
9
10 SUPERIOR COURT FOR THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF SACRAMENTO

12 01AS05985

13 FAIR POLITICAL PRACTICES)

Case No.:

14 COMMISSION, a state agency,)

STIPULATION FOR ENTRY OF
JUDGMENT

15 Plaintiff,)

16 vs.)

17 CALIFORNIA PRO BUSINESS)

(IN FAVOR OF PLAINTIFF AGAINST
DEFENDANTS CALIFORNIA PRO
BUSINESS COMMITTEE AND RAVINDER
MEHTA)

18 COMMITTEE and RAVINDER MEHTA,)

19 Defendants.)

20
21 Plaintiff, FAIR POLITICAL PRACTICES COMMISSION, a state agency, by its
22 attorneys, and Defendants, California Pro Business Committee, and Ravinder Mehta, Treasurer,
23 enter into this stipulation to resolve all factual and legal issues pertaining to the complaint for
24 civil penalties filed herewith.

25 It is stipulated by and between the parties as follows:

1 The complaint on file in this action was properly filed and served on Defendants
2 California Pro Business Committee and Ravinder Mehta.

3 Jurisdiction of the subject matter and of the parties to this action and venue are properly
4 in Sacramento Superior Court. The complaint states three causes of action against Defendants
5 California Pro Business Committee and Ravinder Mehta and any defects in the complaint are
6 expressly waived.

7 The Court will enter judgment in this action, pursuant to the stipulation, on request of
8 Plaintiff, Fair Political Practices Commission, without notice to Defendants California Pro
9 Business Committee and Ravinder Mehta, Treasurer.

10 The Fair Political Practices Commission and Defendants California Pro Business
11 Committee and Ravinder Mehta, Treasurer, agree to enter this stipulation to resolve all factual
12 and legal issues raised in this matter, and to reach a final disposition with respect to these
13 Defendants without the necessity of holding a civil trial to determine their liability.

14 Defendants California Pro Business Committee and Ravinder Mehta, Treasurer,
15 understand and hereby knowingly and voluntarily waive any and all procedural rights that they
16 could have exercised if this settlement had not been entered into, including, but not limited to,
17 their right to civil discovery, to appear personally at any civil trial held in this matter, to confront
18 and cross-examine witnesses testifying at the civil trial, to present evidence, including the
19 testimony of witnesses, and to have the trial presided over by an impartial judge, and heard and
20 decided by a jury.

21 22 **ENTRY OF JUDGMENT**

23 For the violations of the Political Reform Act admitted herein, Plaintiff Fair Political
24 Practices Commission and Defendants California Pro Business Committee and Ravinder Mehta,
25 Treasurer, stipulate that a final judgment be issued and entered in the form of the order attached

1 hereto and made a part hereof as “Exhibit “A,” against Defendants California Pro Business
2 Committee and Ravinder Mehta, Treasurer, and in favor of Plaintiff for a monetary penalty of
3 twenty-three thousand dollars (\$23,000.00).

4 The final judgment may be signed by any judge of the Superior Court of the State of
5 California for the County of Sacramento, and entered by the clerk upon application of any party
6 without notice.

7 Defendants California Pro Business Committee and Ravinder Mehta, Treasurer, further
8 stipulate and agree to pay any court-appearance fees required for the filing of this civil
9 stipulation.

10
11 **STIPULATED STATEMENT OF LAW AND FACTS**

12
13 **I. THE PARTIES AND BACKGROUND INFORMATION.**

14 Plaintiff, Fair Political Practices Commission (the “Commission”), is a state agency
15 created by the Political Reform Act of 1974 (the “Act”). The Commission has the primary
16 responsibility for the impartial, effective administration and implementation of the Act.
17 (Government Code Section 83111.) Pursuant to Government Code Section 91001, subdivision
18 (b), the Commission is the civil prosecutor for matters involving state election campaigns, and is
19 authorized to maintain this action under Government Code Sections 91001, subdivision (b),
20 91004 and 89521.

21 Defendant California Pro Business Committee was at all relevant times a “recipient
22 committee” as that term is defined in Government Code Section 82013, subdivision (a).
23 Defendant Ravinder Mehta was at all relevant times the Treasurer of California Pro Business
24 Committee, and had authority to approve the committee’s expenditure of campaign funds.

25 ///

1 **II. SUMMARY OF THE LAW.**

2 Government Code Section 81002, subdivision (a), provides that one of the purposes of
3 the Political Reform Act is to ensure that receipts and expenditures in election campaigns are
4 fully and truthfully disclosed in order that the voters may be fully informed and improper
5 practices may be inhibited. The Act should be liberally construed to achieve its purpose.
6 (Government Code Section 81003.) In order to further this end, the Act provides a
7 comprehensive scheme of campaign disclosure. (Government Code Section 84200 *et seq.*)
8

9 **A. CIVIL ENFORCEMENT PROVISIONS.**

10 Pursuant to Government Code Section 91004, any person who intentionally or
11 negligently violates any of the reporting requirements of the Act shall be liable in a civil action
12 for an amount not more than the amount or value not properly reported. Persons that violate
13 Government Code Section 84211 are liable in a civil action pursuant to Government Code
14 Section 91004.

15 Pursuant to Government Code Section 89521, any person who makes an expenditure in
16 violation of certain laws prohibiting the personal use of campaign funds is liable in a civil action
17 for an amount of up to three times the amount of the unlawful expenditure. Persons that violate
18 Government Code Section 89512.5 are liable in a civil action pursuant to Government Code
19 Section 89521.
20

21 **B. CAMPAIGN DISCLOSURE.**

22 Government Code Section 84211, subdivision (j), requires the reporting of expenditures.
23 Section 84211, subdivision (j), specifically requires the itemization of all expenditures of one
24 hundred dollars or more. Government Code Section 82025 defines the term “expenditure,” and
25 expressly states that expenditures are made “on the date the payment is made or on the date
consideration, if any, is received, whichever is earlier.” If consideration is received prior to

1 payment being made, then the expenditure must be reported on the campaign statement as an
2 accrued expenditure. Title 2, California Code of Regulations, Section 18421.6 is entitled:
3 “Reporting Accrued Expenses,” and subdivision (b) states: “An accrued expense (excluding a
4 loan) shall be reported as of the date on which the goods or services are received...”

5 At all relevant times, Government Code Section 84211, subdivision (j)(6), required a
6 committee to provide itemized information for each person, if different than the payee, who
7 provided consideration of one hundred dollars or more during the time period covered by the
8 campaign statement.

9
10 **C. PERSONAL USE OF CAMPAIGN FUNDS.**

11 Government Code Section 89512.5 states:

12 **“89512.5. Expenditures by Committees not Controlled by Candidates.**

- 13 (a) Subject to the provisions of subdivision (b), any expenditure by a
14 committee not subject to the trust imposed by subdivision (b) of
Section 89510 shall be reasonably related to a political, legislative,
or governmental purpose of the committee.
15 (b) Any expenditure by a committee that confers a substantial personal
16 benefit on any individual or individuals with authority to approve
the expenditure of campaign funds held by the committee, shall be
17 directly related to a political, legislative or governmental purpose
of the committee.”

18 At all relevant times, Government Code Section 89511, subdivision (b)(3), defined
19 “substantial personal benefit” as an expenditure of campaign funds resulting in a direct personal
20 benefit with a value of more than one hundred dollars to an individual with authority to approve
21 the expenditure(s).

22
23 **III. SUMMARY OF THE FACTS.**

24 Defendant California Pro Business Committee was a “recipient committee” as that term
25 is defined in Government Code Section 82013, subdivision (a). On May 18, 1998, Defendant
California Pro Business Committee filed a statement of organization as required by Government

1 Code Section 84101. On this statement of organization, California Pro Business Committee
2 designated Ravinder Mehta as the committee Treasurer. On June 10, 1998, Defendant California
3 Pro Business Committee filed an amended statement of organization. On this statement of
4 organization, California Pro Business Committee again designated Ravinder Mehta as the
5 committee Treasurer.

6 At all relevant times, Defendant Ravinder Mehta was the Treasurer of California Pro
7 Business Committee. As Treasurer, Mehta held at all relevant times the authority to approve the
8 expenditure of campaign funds held by the committee.

9 At all relevant times, Wayne Smith served as Dan Lungren's Chief of Staff. In late 1997,
10 Ravinder Mehta told Wayne Smith that he was interested in getting involved with the Lungren
11 gubernatorial campaign. Wayne Smith introduced Ravinder Mehta to Wayne's younger brother
12 Glenn. Glenn Smith owned Oakdale Aviation, and hoped to sell an aerial advertising product to
13 the Lungren campaign. Ravinder Mehta formed California Pro Business Committee, and
14 accepted Glenn Smith's aerial advertising proposal and fee schedule without many changes or
15 modifications. During 1998, California Pro Business Committee raised \$341,000 and spent
16 \$332,047.96. Of the \$332,047.96 in expenditures, \$258,600 was reported as independent
17 expenditures supporting gubernatorial candidate Dan Lungren, and \$60,000 was reported as
18 monetary expenditures to attorney general candidate Dave Stirling. The expenditures for
19 Lungren were all for aerial advertising purchased from vendor Oakdale Aviation.

20
21 **A. FIRST CAUSE OF ACTION.**

22 During September 1998, Oakdale Aviation provided aerial advertising services to
23 California Pro Business Committee totaling \$74,775. On October 2, 1998, California Pro
24 Business Committee issued a payment for \$74,775 to Oakdale Aviation. On its campaign
25 statement covering October 1, 1998 through October 17, 1998, California Pro Business

1 Committee disclosed making the payment of \$74,775 to Oakdale Aviation on October 2, 1998.
2 However, on its campaign statement covering July 1, 1998 through September 30, 1998,
3 California Pro Business Committee failed to disclose the accrued aerial advertising expenditures
4 totaling \$74,775. By failing to timely disclose accrued expenditures totaling \$74,775,
5 Defendants California Pro Business Committee and Ravinder Mehta violated Government Code
6 Section 84211, subdivision (j).
7
8

9 **B. SECOND CAUSE OF ACTION.**

10 On or about October 17, 1998, Defendants California Pro Business Committee and
11 Ravinder Mehta, Treasurer, issued a committee check for \$76,950 to Oakdale Aviation.
12 Defendants knew that \$7,000 of this sum would be used to pay the Kruse/Lucas auto shop for the
13 painting and refurbishing of Mehta's Porsche. By making an expenditure that conferred a
14 substantial personal benefit on an individual who had authority to approve the expenditure of
15 campaign funds held by the committee, Defendants California Pro Business Committee and
16 Ravinder Mehta violated Government Code Section 89512.5.
17

18 **C. THIRD CAUSE OF ACTION.**

19 Defendants California Pro Business Committee and Ravinder Mehta failed to provide
20 itemized information disclosing that Kruse Lucas auto shop provided consideration of one
21 hundred dollars or more. By failing to timely itemize information about this payment to
22 Kruse/Lucas auto shop on their campaign statements, Defendants California Pro Business
23 Committee and Ravinder Mehta violated Government Code Section 84211, subdivision (j)(6).
24
25

///

///

CONCLUSION

Judgment shall be entered against Defendants California Pro Business Committee and Ravinder Mehta, and in favor of Plaintiff, Fair Political Practices Commission, in the total amount of twenty-three thousand dollars (\$23,000.00).

IT IS SO STIPULATED.

Dated: August 29, 2001.

By: R Mehta
Ravinder Mehta, Treasurer, for
California Pro Business Committee

Dated: August 29, 2001.

By: R Mehta
Ravinder Mehta

Dated: August 29, 2001.

By: Steve Churchwell
Steven G. Churchwell, Esq.
Attorney for Defendants
California Pro Business Committee
and Ravinder Mehta

Dated: Oct. 1, 2001.

By: Mark Krausse
Mark Krausse
Acting Executive Director
Fair Political Practices Commission

Dated: Oct. 1, 2001.

By: Mark R. Soble
Mark R. Soble
Senior Commission Counsel
Attorney for Plaintiff,
Fair Political Practices Commission